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MACROECONOMIC POLICY QUESTIONS: TRADE AND DEVELOPMENT

Strengthening international organizations in the area of multilateral trade

Report of the Secretary-General

I. INTRODUCTION

1. In its resolution 49/97 of 19 December 1994, the General Assembly recalled its resolutions 45/201 of 21 December 1990, 46/207 of 20 December 1991, 47/184 of 22 December 1992 and 48/54 of 10 December 1993, took note of the report of the Secretary-General on the institutional developments related to the strengthening of international organizations in the area of multilateral trade (A/49/363) and recognized that there should be constructive and effective cooperation between the United Nations Conference on Trade and Development (UNCTAD) and the World Trade Organization (WTO), based on their complementary functions. It requested the Secretary-General to report to the Assembly at its fifty-first session on further institutional developments related to the strengthening of international organizations in the area of multilateral trade and, in preparing that report, to solicit the views of all Governments, competent regional economic integration organizations and the executive heads of the competent specialized agencies and of other organizations and programmes of the United Nations system on this matter.

2. The present report 1/ was prepared in accordance with resolution 49/97 and highlights the following relevant institutional developments:

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(a) A global arrangement for cooperation between the secretariats of the United Nations and WTO through an exchange of letters signed by the Secretary-General of the United Nations and the Director-General of WTO on 29 September 1995;

(b) Activities towards establishing specific arrangements for cooperation between UNCTAD and WTO;

(c) Relevant results of the ninth session of the United Nations Conference on Trade and Development, held at Midrand, South Africa, from 27 April to 11 May 1996;

(d) Other institutional developments that may be pertinent in accordance with resolution 49/97.

II. RELATIONS BETWEEN THE UNITED NATIONS AND THE WORLD TRADE ORGANIZATION

3. On 29 September 1995, an exchange of identical letters between the Secretary-General of the United Nations and the Director-General of WTO established a global arrangement for cooperation between the two organizations. This arrangement was preceded by the consultations held within the framework of General Assembly resolution 49/97 and the decision of 3 April 1995 of the General Council of WTO, which mandated the Director-General of WTO to conclude such global arrangement based on the previous United Nations/General Agreement on Tariffs and Trade (GATT) relationship.

4. The above global arrangement contains the following main elements:

(a) The recognition of the importance of achieving effective cooperation between the United Nations and WTO, consistent with the respective status and mandates of the two organizations and the contractual nature of WTO. Taking into account the experience in the relations between the United Nations and GATT, the conclusion was reached that a flexible framework for cooperation was the most desirable course of action, liable to further review and adaptation in the light of developments and emerging requirements;

(b) The agreement, in the light of the above, that the arrangements and practices described in the General Assembly document of 9 March 1976 2/ in respect of the United Nations/GATT relationship provided a suitable basis to continue to guide relations between the United Nations and WTO. These relations will thus include:

(i) The provision and exchange of relevant information;

(ii) Reciprocal representation in accordance with the decisions of the competent bodies of the respective organizations;

(iii) Participation of WTO in the Administrative Committee on Coordination and its subsidiary bodies;

(iv) Cooperation between secretariats, including in the statistical area, and administrative matters;

(c) The conclusion that specific arrangements for cooperation between UNCTAD and WTO, in accordance with the relevant decisions of the General Council of WTO, will be pursued by the two secretariats within the overall framework set out above, and in the light of relevant decisions of the Trade and Development Board, as well as General Assembly resolution 49/97;

(d) The agreement to recommend to the responsible intergovernmental organs that present arrangements governing the status of the International Trade Centre as a joint body be confirmed and renewed with WTO, subject to revised budgetary arrangements as called for by the General Council of WTO.

III. COOPERATION BETWEEN THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT AND THE WORLD TRADE ORGANIZATION

5. A new and expanded cooperation between UNCTAD and WTO is under way in the framework of the above global arrangement for relations between the United Nations and WTO. Such cooperation is based, as recognized in General Assembly resolution 49/97, on their complementary functions. This complementarity has been particularly emphasized in the final document of the ninth session of the Conference, entitled "A Partnership for Growth and Development", which underscored that "UNCTAD, having a clear comparative advantage in tackling trade-related development issues, should continue to facilitate the integration of developing countries and countries in transition into the international trading system in a complementary manner with WTO and to promote development through trade and investment in cooperation and coordination with ITC, relevant institutions of the United Nations system and other international organizations." 3/

6. In January 1996, the Secretary-General of UNCTAD and the Director-General of WTO agreed: (a) to hold meetings, chaired jointly by them, every six months; (b) to improve the working relationship between the two organizations at all levels in such areas as research, trade and investment, trade and competition, trade and environment, and trade and development; and (c) to work for greater complementarity in technical cooperation - not only between UNCTAD, WTO and the International Trade Centre UNCTAD/WTO (ITC), but also with other agencies, whether in the United Nations system, the Bretton Woods institutions or regional bodies - in order to improve coordination across the board and to make better use of resources. They also stressed their complete agreement on the high priority that must be given to Africa in the cooperative work of the two organizations. In this context, particular attention was given to the implementation of a joint UNCTAD/WTO/ITC technical cooperation programme for Africa. It was also agreed that UNCTAD and WTO would prepare a first ever joint study on "Strengthening the Participation of Developing Countries in the World Trade and the Multilateral Trading System", to be submitted to the Conference at its ninth session. 4/

7. The seventh (special) meeting of the WTO Committee on Trade and Development, held on 18 June 1996, was devoted to trade and development

activities of UNCTAD in the light of the results of the ninth session of the Conference, with the participation of the Director-General of WTO, the Secretary-General of UNCTAD and the Executive Director of ITC. Apart from considering substantive issues related to the integration and more active participation of developing countries in the multilateral trading system, this meeting also demonstrated the strong will of the above organizations for joint cooperation and a tangible manifestation of complementarity among them. The delegations representing WTO members generally welcomed these developments and emphasized clear demarcation of mandates among UNCTAD and WTO, the need for building synergies among them, particularly focusing on problems of the least developed and other disadvantaged countries and alleviating their marginalization in the world economy and international trade.

8. In June 1996, during their second regular meeting, the executive heads of UNCTAD and WTO discussed the implementation of the collaboration on technical cooperation and the possibility of enlarging this collaboration to other institutions like the Common Fund for Commodities. It was also agreed to collaborate in the implementation of the mandate given by the Conference at its ninth session, especially in the fields of investment and environment, where the contribution of UNCTAD could be of particular relevance. The participation of the Director-General of WTO in the ninth session of the Conference was deemed as a concrete expression of the evolving cooperation between the two organizations. In this context, it was also agreed that the Director-General of WTO would address the UNCTAD Trade and Development Board at its next regular session in October 1996. 5/

9. Specifically, the evolving cooperation between UNCTAD and WTO at the working level of both secretariats is covering (a) the implications of the Uruguay Round agreements, particularly as regards new trading opportunities for developing countries and countries in transition arising from the implementation process; (b) specific problems and challenges faced by the least developed and net-food-importing developing countries; (c) trade in services; (d) trade and environment; (e) new and emerging issues on the international trade agenda, in particular trade and investment; (f) technical cooperation to increase institutional capacities of developing countries on trade policy issues; and (g) joint responsibility for the operation of ITC.

IV. RELEVANT RESULTS OF THE NINTH SESSION OF THE CONFERENCE 3/

A. Substantive mandates

10. At the ninth session of the Conference, member States decided that the main role of UNCTAD in the field of trade in goods and services should be to help maximize the positive impact of globalization and liberalization on sustainable development by assisting in the effective integration of developing countries, particularly the least developed countries and certain developing countries with structurally weak and vulnerable economies, into the international trading system so as to promote their development. Specific interests of the economies in transition should also be taken into account. This work, which should be undertaken in cooperation with WTO and other relevant international organizations, will, in particular, focus on:

(a) Enabling these countries to respond to the opportunities arising from the Uruguay Round agreements so as to derive maximum available benefit by:

(i) Analysing the impact of the agreements on development;

(ii) Enhancing national capacities, in terms of human resources and administrative infrastructures, to enable WTO members to adjust effectively to meet their obligations and to take advantage of their rights;

(iii) Assisting countries in the process of accession to WTO, including by helping them to enhance their understanding of WTO rights and obligations, as well as improving the transparency of their trade regimes;

(iv) Identifying impediments to trading success, including barriers to export expansion and diversification;

(v) Providing a forum for examination of issues related to trade preferences, including exploring opportunities for maximizing their utilization;

(vi) Facilitating the understanding of the multilateral trading system by analysing, from a development perspective, issues on the international trade agenda, as identified by the Conference or the Trade and Development Board, including new and emerging issues;

(vii) Assisting developing countries, in collaboration with the World Intellectual Property Organization (WIPO) and WTO, to identify opportunities provided by the Agreement on Trade-Related Aspects of Intellectual Property Rights, including for attracting investment and new technologies;

(viii) Contributing, as appropriate, to the work of relevant international organizations in the implementation of the Marrakesh Ministerial Decision on Measures in Favour of the Least Developed Countries by assisting the least developed countries that are WTO members to take maximum advantage of the special and differential measures provided for in the Uruguay Round Agreements;

(ix) Within the framework of its programme of cooperation with WTO, providing analytical information relating to the Ministerial Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least Developed Countries and Net Food-Importing Countries;

(b) Assisting developing countries to strengthen their capacities in the services sector, as well as to identify export opportunities by undertaking directly related sectoral analysis;

(c) Promoting the integration of trade, environment and development and continuing the special role of UNCTAD in this field, in accordance with General

Assembly resolution 50/95 of 20 December 1995, paragraph 27, by examining trade and environment issues, from a development perspective, in close cooperation with the United Nations Environment Programme (UNEP) and WTO and as task manager for the Commission on Sustainable Development by undertaking the work that the fourth session of the Commission on Sustainable Development proposed for UNCTAD, including in the field of competitiveness, market access, eco-labelling, multilateral environment agreements, positive measures and trade liberalization and sustainable development.

11. New tasks and mandates have also been identified for UNCTAD in its work related to competition law of particular relevance to development and issues of particular relevance to commodity-dependent countries. Moreover, in other three major areas of future UNCTAD work, i.e., globalization and development; investment, enterprise development and technology; and services infrastructure for development and trade efficiency, substantive trade-related components were identified.

12. The Conference also decided that in the area of international trade, the UNCTAD technical cooperation programme should focus, inter alia, on enhancing institutional and human capacities in order for developing countries to analyse new and emerging issues and to benefit from the opportunities arising from participation in the multilateral trading system and to comply with the obligations in this respect.

B. Institutional implications

13. The Conference has taken measures to make the intergovernmental machinery of UNCTAD more efficient and responsive to the needs of a rapidly changing world economy. Thus, the intergovernmental machinery is structured with the above future UNCTAD work programme, which is focused on a few priority trade and development issues of central importance on which it can make a substantial impact. The new structure of the intergovernmental bodies of UNCTAD is as follows:

(a) The Trade and Development Board, which is responsible for ensuring the overall consistency of UNCTAD activities with agreed priorities;

(b) The Board will have three Commissions as its subsidiary bodies: the Commission on Trade in Goods and Services, and Commodities; the Commission on Investment, Technology and Related Financial Issues; and the Commission on Enterprise, Business Facilitation and Development;

(c) Each of the above Commissions may convene expert meetings of short duration, while the total number of such expert meetings will not exceed 10 per annum.

V. OTHER PERTINENT INSTITUTIONAL DEVELOPMENTS

14. On 18 July 1996, the General Council of WTO adopted a complete set of rules of procedure for sessions of the Ministerial Conference and meetings of the

General Council. 6/ Rule 11 provides that representatives of international intergovernmental organizations may attend meetings as observers on the invitation of the Ministerial Conference in accordance with the special guidelines forming annex 3 to the rules. The guidelines set several conditions, procedures and criteria for international intergovernmental organizations wishing to have an observer status in WTO, such as: (a) the organizations should have competence and a direct interest in trade policy matters; (b) they should indicate the nature of the organization and the reasons for its interest in being accorded such status; (c) requests for observer status from organizations will not, however, be considered for the meetings of the WTO Committee on Budget, Finance and Administration or of the Dispute Settlement Body (in the case of IMF and the World Bank, their requests for attendance as observers to the Dispute Settlement Body will be acted upon in accordance with the arrangements to be concluded between WTO and these two organizations); (d) requests for observer status will be considered on a case-by-case basis by each WTO body to which such a request is addressed, taking into account such factors as the nature of work of the organization concerned, the nature of its membership, the number of WTO members in the organization, reciprocity with respect to access to proceedings, documents and other aspects of observership, and whether the organization has been associated in the past with the work of the contracting parties to the General Agreement on Tariffs and Trade 1947; (e) in addition to organizations that request, and are granted, observer status, other organizations may attend meetings of the Ministerial Conference, the General Council or subsidiary bodies on the specific invitation of the Ministerial Conference, the General Council or the subsidiary body concerned; (f) organizations with which WTO has entered into a formal arrangement for cooperation and consultation will be accorded observer status in such bodies as may be determined by that arrangement; (g) organizations accorded observer status in a particular WTO body will not automatically be accorded such status in other WTO bodies; (h) representatives of organizations accorded observer status may be invited to speak at meetings of the bodies to which they are observers normally after members of that body have spoken; (i) observer organizations will receive copies of the main WTO documents series and of other documents series relating to the work of the subsidiary bodies that they attend as observers; and (j) if for any one-year period after the date of the grant of observer status there has been no attendance by the observer organization, such status will cease (in the case of sessions of the Ministerial Conference, this period will be two years).

VI. VIEWS OF GOVERNMENTS AND INTERNATIONAL ORGANIZATIONS

15. Since the adoption of General Assembly resolution 49/97 no further views or reactions from Governments and/or international organizations have been received. However, the above institutional developments, including the results of the ninth session of the Conference, the establishment of relations between the United Nations and WTO, as well as the evolving UNCTAD/WTO cooperation, which may be enlarged to include other relevant international organizations, would suggest that an appropriate international consensus regarding strengthening international organizations in the area of multilateral trade has been achieved. In this context and taking into account that these institutional developments are still in their early stages of implementation, it is important

that the General Assembly continue following developments in this area with a view to support their implementation, consider further institutional developments and undertake the required policy recommendations. Therefore, it may wish to consider this issue biennially on the basis of the relevant report of the Secretary-General.

Notes

1/ This report should be read in conjunction with previous reports of the Secretary-General on strengthening international organizations in the area of multilateral trade: A/46/565 of 16 October 1991, A/47/410 of 28 August 1992, A/48/363 of 28 September 1993 and A/49/363 of 6 September 1994.

2/ See A/AC.179/5 of 9 March 1976.

3/ See Midrand Declaration and A Partnership For Growth and Development, adopted by the United Nations Conference on Trade and Development at its ninth session (TD/377 of 24 May 1996).

4/ This joint study was circulated as UNCTAD document TD/375 of 6 May 1996.

5/ See WTO, PRESS/50 of 21 June 1996.

6/ See WTO document WT/L.161 of 25 July 1996.